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## FARM MANAGEMENT CONSULTANTS' *MODUS OPERANDI*

### Case Studies in the South Island of New Zealand

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#### Abstract

*The Farm Management Consultants' Modus Operandi was examined in a study conducted in the South Island of New Zealand in 1995 and 1996. Seventeen Farm Management Consultants were interviewed, to describe and analyse their practices for the provision of advice to their clients.*

*Findings showed that farm management consultancy is a very demanding profession from the personal and professional point of view. The study highlighted personal and professional attributes that are essential for success. Consultants should have credibility, trustworthiness, accountability and sound technical knowledge. It is a market driven business and farmers are now seeking highly skilled consultants, with an holistic approach, with the ability to advise with competence on issues beyond the technical field, including business and managerial themes.*

#### INTRODUCTION

Agriculture has always played a significant role in New Zealand's economy. The country depends to a large extent on imports of manufactured goods, and the consequent need for producing products for export and to maintain the international trade balance. Agriculture produces between 50% and 60% of New Zealand's export earnings and the importance of agriculture in New Zealand is profoundly greater than its contribution to total GDP.

Since the deregulation of the economy in the mid 1980's to the early 1990's, the government has withdrawn from the provision of publicly funded extension to farmers.

The participation of the government in the provision of advice to farmers began in the late 1920's. In the 1970's, Hughes (1973, in Gilmour, 1978) estimated the number of extension workers at 600, which was approximately 8 to 10 advisers for each thousand commercial farms (in both publicly and privately funded services). Farmers are now serviced by approximately 425 farm consultants (see Table 1), representing approximately 6.5 professionals per 1000 commercial farms.

#### THE IMPORTANCE OF EFFICIENT FARM MANAGEMENT PRACTICES

Successful farming requires skills, knowledge, and the ability to deal not only with tractors, ploughs and tools, but also with information. In a market driven economy, it is imperative for farmers to use all possible information and continually adjust their management systems to remain competitive. Farmers must improve and update their management systems continuously according to their ever-increasing opportunities and threats (Frengley, 1994). The recent trend of globalisation of the world's most important economies pushes competition for prices of agricultural products even harder. As a result, many farmers have been forced out of farming because they have been unable to update and adjust to ever-increasing requirements for efficiency.

Agriculture is a knowledge-intensive industry, thus information is an essential input for modern commercial farming systems. Drucker (1982) stressed that "*information is the manager's main tool, indeed, the manager's capital*". Farmers not only need the right information at the right time, but also the motivation to use it and make the right decisions based on it (Kuiper, 1996). Acquiring information is a universal need and not an easy task for farm managers, as they usually concentrate on the production system itself, rather than events outside the farm gate. As stated by Castle, Becker and Nelson (1987, p.43) "*decisions can not be better than the information used to make them*".

In New Zealand, numerous individuals and organisations currently provide information and advice for farmers. Sources of information required to support the farmers' decision-making process include private farm management consultants, farmers themselves, Dairy Board advisers and consulting officers, veterinarians, bank managers, stock agents, accountants, contractors, sales representatives, marketing organisations, and grower associations. Information is also available in sources such as the farming press, newspapers, specialised magazines, newsletters, journals, radio broadcasts, TV programmes, conferences, discussion groups and videotapes available to farmers.

### **FARM MANAGEMENT CONSULTANCY SERVICE ON DEMAND**

In consultancy, the client pays the fees directly for the services provided. The payment can be made through fees charged on an hourly basis, a contract (e.g. per annum) or through levies on production. This causes a fundamental alteration in the professional/client relationship. The consultant, in order to succeed, must deliver value for money, because the client's rationale for contracting the consultancy is to improve his or her profit. The implications of the shift from a free public extension service to private consultancy for the relationship between the consultant and the client could be a fruitful area for study. For private consultancy, commercially oriented and medium to large-scale agricultural systems are the most fertile areas for a fee-paying service.

Farm management consultancy is being recognised by commercially oriented farmers as an important input in their production system, in the same manner as other inputs such as fertilisers, seeds, machinery, or genetic resources. The decision to hire the services of a professional consultant is made on an analysis of likely returns. It is essentially a market-driven business, but the use of farm management consultancy is influenced by the perception of other professionals involved in supporting the farming operation, veterinarians, financiers, accountants (Ryan 1995).

#### **Current status; Consultant numbers**

**Table 1 Number of farm consultants operating in New Zealand.**

a) Agriculture New Zealand	.....	150 in February 1996. (1)
b) Dairy Board Livestock Improvement Corporation (2)		
b.1) Consulting officers	.....	31 in February 1996.
b.2) FarmWise consultants	.....	17 in February 1996.
c) New Zealand Wool Board	.....	16 in 1993 (3)
d) Dairy Companies	.....	16 in 1993. (3)
e) Private registered consultants	.....	195 in December, 1995 (4).

Source: (1) Agriculture NZ, Ashburton; (2) Dairy Exporter, Feb/96; (3) Gardner & Parker (1993); (4) NZSFM.

The progressive shift from publicly funded agricultural extension to a user-funded system seems to be an irreversible trend in the developed economies. The approximate number of consultants now operating in New Zealand is shown in Table 1 (Gardner and Parker, 1993). The free public extension service has been privatised and their consultants are represented by the Agriculture New Zealand numbers.

### **The role of farm management consultancy and consultants**

Ryan (1995, p.83) emphasised the consultants' mission as "*to help the clients achieve their goals more rapidly and with greater effectiveness*". Consultants might be involved in promoting changes, acting pro-actively, or assisting clients in coping with on-going changes in the business environment (Potten, 1993). The successful application of the technology generated in research centres depends on the consultant's efficiency in providing good advice to farmers to adjust management tactics and strategies.

Nuthall (1989, p.22) outlined that some farmers and some consultants perform their jobs better than others. He suggested that an excellent manager will have some characteristics and skills, which include: "a) Good negotiating skills. b) Good personnel management abilities. c) Good technical skills and knowledge. d) Good problem solving and diagnostic capabilities. e) Good product and production method selection abilities. f) Good observational and anticipatory skills. g) Good operational and mechanical abilities. h) Good market assessment skills. i) Good organisational capabilities and j) Good communications skills".

### **CENTRAL POINTS OF THE RESEARCH STUDY**

The focus of this study was to identify and formulate concepts, and describe the farm management consultants' procedures and *modus operandi*. Accordingly, a multiple case study was undertaken, from September 1995 to January 1996, consisting of unstructured interviews with seventeen farm management consultants, and the field observations of five consultants' activities in the South Island, New Zealand. In addition, ten farmers were informally interviewed to improve understanding of the consultants' *modus operandi*. The qualitative research method *Grounded Theory* (Strauss, 1987; Strauss & Corbin, 1990) was used to study the way in which consultants operate in New Zealand.

### **Making and consolidating a place in the consultancy industry**

Making a place in the consultancy industry involves building a profile and a professional reputation. As consultants find the majority of their clients through "word-of-mouth", they need credibility and a good reputation in order to be referred by other farmers, bankers, community and business leaders, or other professionals. This is a major difficulty for new graduates. To build credibility new consultants need opportunities, but in order to receive opportunities to show their abilities, they need referrals and clients.

For female consultants the cold start might be even more difficult. Keating and Little (1991, p.62) stated that in New Zealand "*farming is still a man's world, although women are developing new kinds of partnerships....*" In the case-studies for this research, two involved new female consultants. Both stressed that they had no extra difficulties in getting clients due the fact of being female. However, both were from a farming family background and had had long experience in farm work. Their training was "hands-on", and well recognised by their clients.

The research findings suggest that:

1. For a new consultant to be accepted by farmers and to be successful, experience in farming is more important than gender.
2. For new consultants without farming experience, the best way to start in the profession is to join an experienced consultant in a well-established consultancy office, preferably in the region that the new consultant will work in after training.
3. The Dairy Board's Consulting Officers, and Agriculture New Zealand's schemes of initiating and training new consultants, (employing assistant consultants) are important for introducing university graduates into the profession.
4. New consultants concentrate more on technical issues rather than business management, and personal and financial issues.

#### **Achieving success in farm management consultancy**

Two major groups of attributes were emphasised by the consultants as being essential to success in the industry. These include **personal** and **professional** attributes. Skills in dealing with people, technical knowledge, and market and negotiating skills are required from a person who intends to become a farm management consultant.

The concept of success has some variation among consultants. For some it is to have a full agenda, being "booked-out" with good clients. For others, it is earning as much money as possible, or dealing with large-scale agro-business clients. However, success always depends on having a good reputation, and farmers' respect, trust and credibility. Delivering good advice and the adoption of strictly professional behaviour and habits are core issues in achieving success.

**(a) Personal relationship knowledge.** The ability to deal with people and understand the personal factor that is involved in the management of a farm is important to achieve success in the consultancy business. Understanding the farmer, how he makes decisions, the family's needs, objectives, likes and dislikes, and preferences all affect the way in which decisions are made.

**(b) Technical knowledge:** There is no way to succeed in a consultancy business without having a strong technical knowledge-base. Farmers employ a consultant to help them to resolve their problems, and expect a consultant to be able to advise about technical issues for their production system.

**(c) Market and negotiation knowledge.** Farmers need to be in touch and stay informed about opportunities and threats in the market and to know what is going on outside the farm gate. A consultant must have knowledge about the market in order to provide the best possible advice and to provide information to support the farmer's negotiations when buying or selling products.

The personal and professional attributes of consultants, considered crucial to achieving success in the farm management consultancy business, are presented in Table 2. These attributes include skills that a consultant may have before entering the profession, and others that are developed while working in consultancy.

**Table 2 Personal and professional attributes of successful consultants.**

<b>PERSONAL ATTRIBUTES</b>	<b>PROFESSIONAL ATTRIBUTES</b>
<b>a - PUBLIC REPUTATION</b>	<b>a - SKILLS</b>
a.1. To have gained and retained credibility a.2. To have gained farmers' trust a.3. To have good reputation and respect a.4. To keep confidentiality a.5. To develop empathy a.6. To establish rapport with farmers	a.1. To have a sound technical knowledge a.2. To have experience a.3. To have good communication skills a.4. To continue education and training a.5. To be an innovator, open minded person a.6. To have pragmatic knowledge a.7. To be specialised
<b>b - CHARACTER - PERSONALITY</b>	<b>b - PROFESSIONAL HABITS</b>
b.1. Honesty, frankness and sincerity b.2. To act with high ethics b.3. To be polite b.4. To be a positive thinker b.5. To be reliable, assume responsibility b.6. To have an inquiring mind  b.7. Integrity, discretion, mature behaviour b.8. To be motivated, enthusiastic confident.	b.1. To focus on people and objectives b.2. To be a hard worker b.3. To know where to find information b.4. To be a good time manager. b.5. Stand aside look at the farming system with a profession, not emotive point of view b.6. To be dynamic and flexible, to manage risk b.7. To be positive, not dogmatic; being analytical, not prescriptive b.8. To work as an information filter
<b>c - SELF DISCIPLINE</b>	
c.1. To keep punctuality c.2. To be a good listener c.3 To be an unhurried talker, and a clear and deep thinker. c.4. To have observational abilities	b.9. To work as a "sounding board" for farmers b.10. Not addicted to rights and wrongs b.11. To be able to ask the right questions b.12. Commitment to the job and clients b.13. To be a co-operator and competitor at the same time b.14. Always do a good job, provide sound advice
<b>d - APTITUDE AND PREFERENCES</b>	<b>c - PROFESSIONAL APPROACH</b>
d.1. To love the farming life-style and live the consultancy market d.2. To be professionally independent d.3. To understand people and their preferences	c.1. To have the ability to establish long-term relationships with clients c.2. To know the district c.3. To understand the farm's global picture c.4. To build a professional image and profile

### **The farm visit and consultancy process**

The farm visit stage has four major phases: (a) the introduction and "ice-breaking" process, (b) the farm tour, (c) the identification of the problems, and (d) working together to discuss the possible solution, to prepare and make the decisions, and to organise the next steps.

**(a) Establishing rapport - the "ice-breaking" process.** This phase is particularly important if this is the first time the client and the consultant have met. "Social rules" applied here are the "small talk", with usual pleasantries, in which the consultant does not put the farmer under pressure by asking questions which might be difficult to answer.

The rule is to ask general questions, make comments, and show interest on the family scenario. Family and farm history can be searched at this stage. The objective is to relax the client, cause a good first impression, and facilitate the transition to the next phase which is the information-gathering process.

Empathy is attempted and established by asking the right questions, and showing interest and practical knowledge about the problem introduced by the farmer. If the farmer feels that the consultant "knows what he is talking about", looking at the problems from the client's point of view he gains and demonstrates credibility and he gains the farmer's confidence. This is not yet the right moment to ask about very personal issues, such as family problems, objectives and personal issues because the level of rapport is not yet sufficient to do it successfully. At this stage, listening to the farmer and demonstrating interest are important social rules to be applied. The client must have an opportunity to tell his story, and explain the problem from his point of view, even if the consultant identifies that the client is wrong in his assumptions. It is crucial for the consultant to identify the client's expectations, and the family's short-run and long-run objectives at this stage.

An important part of the initial conversation during a farm visit is the farm map and if available, an aerial photo to discuss each paddock and the farm's boundaries.

**(b) Farm inspection.** Consultants understand that the farmer feels much more relaxed and comfortable in the field, rather than at the table in a formal questioning routine. The farm inspection is a standard procedure in the farm visit, and much information about the whole farming system and the family can be identified during this inspection. The farm inspection provides opportunities for thinking and complementing answers for issues that need to be understood. The "real problems" may not be the ones outlined by the farmer, and this tour gives an opportunity for the consultant to make his or her own decisions, and to understand the whole system.

The consultant pays attention to technical and biological matters and the condition of the asset to get a good understanding on how the farmer is managing the business. The consultant needs to discover the client's managerial skills by questioning and observation. It is essentially a talking and questioning exercise, to identify the right problems, introduce new ideas and to make the client think about them. At this stage, the farmer is judging the consultant and the farmer's impression of the consultant's capabilities relies on how quickly issues are identified, understood and adequately discussed. A SWOT and "needs" analysis is a useful strategy, commonly applied by consultants.

**(c) Identification of problem(s) and opportunities.** The consultant may start with a broad idea of problems and opportunities and the visit should identify the best courses of action for their resolution and adoption. The consultant's approach to the "line of questioning" and tactics applied to get the right picture, is critical at this stage. The "thinking aloud" strategy has been successfully applied by experienced consultants. Anderson (1982, p.28) stressed that during this discussion, farmers make a creative contribution, new relationships between data are detected, and new ideas are sparked. The consultant's technical skills and expertise are strongly tested, requiring a practical approach to the problem.

**(d) Decision resolution.** At this stage, sharing and exchanging information is intense, and ideas are bounced between client and consultant. This is a stage when the client and the consultant work together to reach a practical solution to the problem and to make the final decisions. As ultimate responsibility for the decision-making rests on the farmer, this means that full agreement is not always reached. The consultant plays an important role in monitoring, controlling and reviewing the farm plan, as well as motivating the client to keep records on the farm business. This is a normal part of consultancy and well accepted by experienced consultants.

#### Follow-up procedures

Consultants allow for the completion of the tasks performed during the visit in follow-up procedures operated from the consultant's office by phone, fax, letters, written reports and in response to answering machine messages.

**Reports.** The messages written in a report must be "receiver friendly", in other words, the sender and the receiver must be on the same "wave length" (Engelbrecht, 1992, p.2). Engelbrecht also suggests that management reports should be kept as short as possible, use simple words and avoid the use of technical jargon, giving straight answers to the focal points

- *"What are the alternatives?"*
- *"To what extent should changes be made?"*
- *"Change what? Why?"*
- *"Why have other alternatives been discarded?"*
- *"Have I made my message clear?"*

Short reports tend to be more effective, with recommendations and conclusions being presented near to the beginning of the report. Skilled consultants said that one of their tactics is to share the problem with the client, by writing "we need to do this" rather than "you should do this" (Engelbrecht, 1992). A consultant should always bear in mind that writing and re-writing a report adds cost to the consultancy. This is one of the reasons that in on-going consultancy, hand-written carbon paper notes are more popular than formal reports, especially for straightforward management reports.

#### Differences in consultants' *modus operandi* in visiting a regular client

On repeat visits the experienced consultant has a better knowledge about the farmer, his family, and the farm. He has historical knowledge and a better understanding of the problems.

In a first visit to a new client, the timing of the consultant's exposure to the problem is defined by the client. He decides when to contact the consultant and accept his visit. In a regular consultancy relationship, the consultant knows when the problems may occur, so he can act pro-actively. His exposure to the problem is longer, a better understanding may be achieved and better advice can be provided.

#### A concept of "good" farm advice

In an on-going consultancy relationship, the time in which a consultant is exposed to a farm's problems tends to be longer than in a "one-off" advisory relationships, which are defined with an invitation by the farmer. As a consultant

becomes an active "partner" in the farming operation, so his or her awareness of the problems and opportunities and the capability of predicting the time when they will probably occur increases. "Good advice" is frequently given preventatively and by acting pro-actively to support clients.

Effective advice is attuned to the client's objectives, contributing positively to their achievement. It improves a client's satisfaction lifting their motivation and confidence.

Another issue that adds a new task to consultants' work is risk management. Consultants should be able to perform tactical studies and strategic planning that can foresee the opportunities and potential risks involved in each management strategy. By doing farm appraisals consultants have a powerful analytical instrument to manage risk, and to take advantage of the opportunities.

Analytical advice, as opposed to prescriptive advice is regarded as the best way of achieving objectives from the consultancy efforts. Dogmatic consultants who provide prescriptive advice and do not consider the decision makers or adjust for key variables, are likely to fail in the profession. Decision aids, such as linear programming or mathematical modelling techniques frequently cannot handle the complex combination of variables and qualitative personal constraints and preferences faced by the individuals. The farmer should therefore receive personal advice on how to adjust for his particular scenario of risk and uncertainty (Murray-Prior, 1994).

### **Working with discussion groups**

Running discussion groups is considered "hard work" as it requires intensive preparation of hand-outs, displays, data about the host farmer's farm and other logistic support. It takes a long time to set up a meeting, and is considered to cause physical and mental anguish. If the same meeting and subject are presented several times, there is some economy of scale. However, for each discussion group meeting, the consultant must get data about the host's farm in advance, to prepare and stimulate the discussion.

Numbers of members in a discussion group can vary from four to forty, with the most common number ranging from 10 to 40. The number of meetings varies from 3 to 11 per year, according to the objective of the discussion group and the enterprises involved. The most common timing for meetings is once every 6 weeks.

Consultants are the motivators and facilitators of discussion group meetings. They provide a balance among the members of the group, providing opportunities for every member to express their ideas. The consultant helps to control the group, avoiding dominance of the discussion by some members. Another task for a consultant is to bring in some new information, and help the farmers to find the best solution for problems that are being discussed during a meeting.

### **IMPLICATIONS AND CONCLUSIONS**

Understanding the farm management consultants' *modus operandi* has implications for farm management teaching and research, as well as for the consultancy industry itself. The relevancy for universities arises from the need to tailor courses and subjects to the real needs of the profession. Some young consultants stressed that while they were at university they did not know exactly what the profession was like in terms of the required people-skills. They felt the pressure of the need to "hit the ground running".

Both technical expertise and people-skills are necessary for the development of rapport with farmers and can only be developed through hands-on case studies at university or with in-service training.

Farm management consultancy is a very demanding profession in relation to the required skills, as any publicly funded extension work is too. Under the market-driven economic environment, a clear outcome from this research is that there is little room for strictly technically oriented consultants. Farmers need, and are seeking, consultants with an holistic approach, which includes personal skills, the ability to understand people, and the capability of dealing with issues such as farm succession, definition of management strategies, objectives, and business appraisals. These subjects cannot be neglected in farm management teaching and research. In relation to these points, the most important components of training for a successful farm management consultancy career are:

- (a) adequate training in technology,
- (b) Training in extension skills,
- (c) hands-on case studies experience,
- (d) development of good communication skills, and
- (e) improved negotiation skills and market assessment capabilities.

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